House Democratic Policy Committee
Hearing on Student Loan Debt
Testimony of Tom Foley, President
Association of Independent Colleges and Universities of PA
October 16, 2019

Good morning, Mr. Chairman and distinguished members of the committee. My name is Tom Foley and I spent 8 years as President of a small college in this state, a place where 60% of our students were first generation to college and fully 50% qualified for needs-based Pell and PHEAA grants (one of the highest rates for any institution in the state). The vast majority of our students (over 90%) were in career-directed majors; the College had one of the highest pass rates in the state for 6 straight years in the PA NCLEX nursing exams; and it was named by the White House one of four "Engines of Opportunity" in the country in 2015 for our success at graduating low income students.

I am here today to testify on behalf of AICUP, the Association of Independent Colleges and Universities in Pennsylvania whose board I once chaired and whom I now serve as President. AICUP is a statewide association composed of ninety-plus independent non-profit colleges and universities, from Peirce, Cabrini, Wilkes and Drexel in the East to La Roche, Geneva, Waynesburg and Robert Morris in the West.

I came to my assignments in the field of higher education the old fashioned way. My grandparents immigrated to Philadelphia with little in the way of formal education. My parents were proud high school grads who were even more proud that 11 of their 12 children achieved a college degree. Spending this last portion of my career in higher education seems the best way to repay the extraordinary benefits that higher education has bestowed on my entire family.

Although I have not had the privilege of serving this legislature, I have a sincere appreciation for the challenges you face every day. I spent time in Washington putting my law degree to work for two members of Congress and two US Labor Secretaries. And I spent most of a decade in Harrisburg, serving in two Cabinet-level positons, the last as Secretary of Labor and Industry under Governor Casey.

These 90+ institutions AICUP represents enroll over 291,000 students—fully 51% of all degree seeking students in the Commonwealth. A just released study (copies are in your folders) confirms that these schools generate $24B in economic impact each year--that is $1 of every $30 in our economy and 1 of every 32 jobs in PA. These schools support and sustain over 195,000 jobs in this Commonwealth, they spend $3.4B in local communities each year and they pay $1.1B in state and local taxes. In terms of ROI, these schools return $142 to the PA economy for every $1 they receive in state funds. According to this study, you can double all those numbers if we include the hospital systems affiliated with these schools. Most importantly, with an average age of 134 years, they buttress 60 communities across this state--anchoring cities, towns and boroughs across the Commonwealth--historically, culturally, economically, and educationally.

A number of these institutions trace their founding to the very creation of Pennsylvania, almost 250 years ago. Some of them were founded over 150 years ago by religious communities of every denomination so that they might provide a values-based higher education to their members, because no

one else was doing so. Though most of these schools have since moved to a more secular approach, they remain the economic bedrock and community pillars in the towns, boroughs and cities where they began. And with more than 5,000 years of collective experience in PA and with current students from every one of our 67 counties, these independent non-profit schools are an integral part of the story of this Commonwealth. Most of them are small schools in small towns, and are the literal livelihoods, the bone and marrow of those communities. Frankly, we are very fortunate in PA to have such a vast and high-quality network of both private and public colleges and universities.

Thank you for the opportunity to address this hearing on student debt. Let me offer three topics for your consideration:

- ✓ 5 numbers that best capture the issue
- ✓ 5 initiatives already in place that work
- ✓ 5 ideas to best tackle this issue.

<u>Five numbers</u>: $1,700, 43%, $13,089, 34% and $1M

$1,700

That is how much more--$1,700--the average graduate of PA's *publicly funded, four-year institutions* (those schools that receive annual direct PA General Fund appropriations)[1] owe through student debt for their education than graduates of so-called *private schools*, the 90 plus independent non-profit schools that make up AICUP (**Chart 1**). That disparity seems counterintuitive—the schools who get 90% of the state aid (**Chart 2**) are graduating students with average debt that is higher than students at the schools who get only 10% of the state appropriations. As Chart 2 indicates, the 18 publicly funded Universities in Pennsylvania receive roughly $1.4 billion a year in General Fund appropriations while the 90+ independent non-profits in the state share $168.1 million (all of it going directly to aid low and middle income Pennsylvania students). This disparity in aid levels adds to the confusion and begs the question--why is the average debt of students in our publicly funded schools higher at all?

It becomes even more confusing when you add a second number to the mix.

43%

43% is the portion of all Pell eligible students who matriculate to the independent non-profit (AICUP) schools, almost 50% higher than the percentage of those students attending our state funded institutions of higher education (**Chart 3**). Again, that number is surprising to most people. Many assume that working class, first generation, and lower income students are all attending the "lower cost" state funded schools. There is also a general assumption that the publicly funded schools need additional supports for their students because they serve more of the lower income students. But neither of these is in fact the case. The highest portion of Pell and PHEAA eligible students (by definition, students demonstrating the highest financial need) along with other student sectors typically

[1] By definition, public institutions are those that receive part of their institutional funding from state taxpayers through state General Fund appropriations--a total of $1.4B last year.

thought to be served more prevalently by public institutions are educated in AICUP schools, not in the publicly funded schools. [2]

How do the independent non-profit schools do it?—they get less state aid, educate a higher percentage of low income, minority and non-traditional students (many of whom need additional supports) and still graduate their students faster and with less average debt than their publicly funded counterparts. I will offer several suggestions in the second part of these remarks. But for now, let me add a third number that helps explain the success of the AICUP schools.

$13,089

That is the average net tuition and fees [3] paid by undergraduate students with financial need at independent non-profit schools in PA (**Chart 6**).[4] AICUP schools average increase in tuition and fees in the last five years is less than $100 a year--$498 in total (**Chart 6**), and like all the numbers you have seen in this testimony, they are not AICUP numbers—these come from IPEDs, the data bank at the US Department of Education.

Students at AICUP schools receive discounted aid—they get direct aid from PHEAA (which accounts for 4% of all their financial aid grants), from Pell (7%) and the rest are costs "discounted" by the colleges themselves, taking money away from their own budgets, (89%). That percentage has gone up as these schools compete for students, with both each other and with publicly funded schools. By keeping their net tuition and fees down, and cutting other costs, they have remained competitive in increasingly tight demographic markets. This is a key number for understanding student debt.

34%

That is the percentage of all student loan defaults in this country that come from students who attended for profit institutions, almost four times their share of the higher education market (9%). In addition, 32% of for profit students are carrying more than $50,000 in student debt. Many of those students don't even have a degree to show for it—for profits have the lowest graduation rate of (and exponentially higher default rates than) the other four year higher education sectors—by far (**Chart 7**)

Any attempts to address student debt cannot ignore this largest single cause of student debt and default.

$1,000,000

That is how much more a college graduate earns over his or her lifetime versus a high school graduate. Don't take my word for it. A March 2019 report from the United States House Committee on Education

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[2] It is also worth at least noting that 53% of all minority students enrolled in AICUP schools (**Chart 4**) and 48% of all our non-traditional aged students (**Chart 5**).

[3] "Net" is what students actually pay, as opposed to the "sticker price"; purchasing higher education is like purchasing a car—the "sticker price" on the lot often comes with discounts from the dealer, discounts from the manufacturer, etc.

[4] That is about the same as net tuition and fees if you combine all of Pennsylvania's publicly funded schools--and is actually lower than the average for the four state related institutions and a little higher than tuition and fees at the 14 state system schools. On balance, about the same.

and Labor*, Don't Stop Believin': The Value of a College Degree*, found that a college degree is well worth its cost, noting that a wide range of studies have concluded that bachelor's degree holders earn up to $1 million more than high school graduates during their work lives. In other words, unlike *consumer* loans for cars and appliances, *student* loans can be an investment in one's quality of life (and life choices) and produce a large monetary return on investment as well. See **Chart 8** for additional research on this point.[5]

If someone offered to pay you a million dollars over your lifetime in exchange for a $35,000 loan now, would you take that deal? We all know that the benefits of a college degree extend beyond just wages--the Pew Research Center has reported that college graduates outperform their peers with less education on virtually every measure of economic well-being and career attainment. But even if it was only about the money, would you take that deal? As argued by one education analyst, "The decision not to attend college for fear that it's a bad deal is among the most economically irrational decisions anybody could make" (Leonhardt 2014).

Paying for a college degree is often regarded as an investment in the future -- students incur costs now and reap the benefits later. In the same study that pegs national student debt at $1.6T, the NY Federal Reserve Bank also told us that student loan debt is almost exactly equivalent to car loan debt in America (**Chart 9**), in both dollar amount and percentage of total household debt. While a car loan buys you an automobile that you hope will last ten years, a college education lasts a lifetime, can enhance dramatically one's quality of life and pays the widely documented million dollar dividend as well. In accounting terms, an investment in education is investment in an appreciating asset, while our cars depreciate the minute we drive them off the lot. One lasts a lifetime, one about ten years, if you are lucky.

Understanding what is behind these five numbers will be critical to finding solutions that are realistic, comprehensive and responsive to the actual root causes.

Now let me turn our focus to approaches to lowering student debt that are already working (but of which we need more), and to other solutions that hold great promise. Let me outline five ideas in each area.

First, fully fund PHEAA's Direct Student Grant Program. PHEAA funds are the only dollars in the $1.7B state General Fund budget lines for higher education that follow Pennsylvania low income students (as opposed to going directly to institutions which can be used for both in/out of state, high/low income students). PHEAA grants to students track undergraduates who share three qualities—they are

[5] A 2019 report by the U.S. Bureau of Labor Statistics notes that the typical worker with a bachelor's degree has weekly earnings of $1,198 compared to weekly earnings of $730 for workers with only a high school diploma. The New York Federal Reserve noted that this wage premium from a college degree has been rising over time and is currently at an all-time high. Over a lifetime, the typical bachelor's degree holder will earn about $1 million more than the average high school diploma holder (Hershbein and Kearney 2014, Webber 2018).

Pennsylvania residents, they want to pursue higher education and they have demonstrated financial need. **Chart 10** shows the decline in state support over the last few years for what was once one of the best student grant programs in the country. This decline is despite the unprecedented 13% General Fund PHEAA increase proposed by the Governor and adopted by the legislature for the current fiscal year. That increase in General Fund dollars was critical because it helped offset some of the decline in the PHEAA contributions. The bottom line is shown in **Chart 11**. **Consequently, low and moderate-income Pennsylvania students have lost significant purchasing power over the last decade as Chart 11 shows**. The *maximum* grant (for those with the most need) and the *average* grant have not been fully funded since 2007-2008 when the maximum grant was $4,700 per student. In the current year, the maximum grant award is actually down to $4,123, which would be even lower without this year's *largest ever* percentage increase in state appropriation. What is the impact of the decline on students? It means that the average student today must now come up with more than $5,000 additional over four years to replace the value lost since 2007-08--lost because not only were the PHEAA grants not inflation-adjusted over the last ten years, but they were actually cut. **Chart 11** shows the number detail.

Here is the rub—PHEAA grant recipients often graduate faster and at a higher rate than non-PHEAA funded students. As **Chart 12** shows, students receiving PHEAA grants and attending independent non-profit AICUP colleges have the highest graduation rate of all sectors--at 71%--which makes it even more imperative that these students have the resources needed to get to the finish line. For all these reasons, increasing PHEAA grants to students should be the top priority in order to decrease student debt.

Second, fully fund PHEAA's Ready to Succeed Scholarship (RTSS) Program. This program is for middle income families with a maximum income up to $110,000 and was specifically established to address the debt issue. The maximum award under this program is $2,000 and a student can receive it for three years beginning in their sophomore year. This program is currently funded at $5.5 million for 2019-2020 and received its first increase since inception, this fiscal year. Last year, only one-third of all financially eligible students with a 3.25 minimum GPA received an RTSS grant.

This program was developed to assist students and their families in lowering their debt levels. Financial aid officers have relayed that students who receive an RTSS scholarship tend to swap out loan dollars with the RTSS funds.

Increasing support for these two Pennsylvania programs will increase college affordability and lower student debt. The PHEAA state grant program and RTSS are programs with proven track records and they remain the best mechanisms for getting resources to Pennsylvania students who have demonstrated the financial need and academic progress to merit state support.

Third, encourage all higher education institutions to engage in collaborative approaches that promote efficiency. AICUP schools work together to control costs and pass savings on to students. At AICUP, we sponsor over 30 different efficiency programs that have saved our schools literally billions of dollars. This is one reason AICUP schools have been able to keep net tuition increases below a five year total of $500 and that our students average debt is lower than publicly funded institutions. These 90+ schools participate in over 30 efficiency programs where they save time, money and resources.

- ✓ For example, 10 of our schools in western Pennsylvania bonded together to hire one ***cyber security*** expert. None of them are major research universities and none of them can justify or afford a cyber security wing in their IT department. Yet, all of them need some protection from those types of encroachments, and they wisely bonded under one umbrella to secure the services of one cyber security professional.

- ✓ In another example, our member colleges choose to borrow for major construction projects by participating in a ***bond market program*** created by AICUP, through which $1.24 billion has been invested in these schools over the last 22 years. At the school which I served as President, this AICUP program saved us almost a million dollars in upfront costs and several millions of dollars in the long term with a reduced interest rate that we would not have realized without AICUP's help.

- ✓ Similarly, almost 80 of 91 member AICUP colleges participate in our ***software consortium*** with Adobe Microsoft VMware. This $7 million dollar program yields 18% savings—almost $1.2 million annually.

- ✓ More than 70 of our members participate in our ***aggregated group purchasing program*** with an annual total volume growing well past $120 million per year and savings that is roughly 5-10% depending on commodity.

- ✓ Almost half of our members participate in an AICUP board-endorsed ***purchasing card program*** with a total spent going beyond $125 million achieving a rebate to those institutions not less than $1.8 million annually.

- ✓ In addition, AICUP works with ***15 for profit organizations*** (that have been vetted and approved by our Board) that engage member institutions to leverage cost savings on such items as campus safety, professional liability insurance, local health insurance procurement, workers compensation insurance and other office products and services. (See pages 53-59 of AICUP's business efficiencies manual in your materials).

- ✓ AICUP has enlisted more than ***100 corporate affiliates*** who are currently developing additional efficiency programs in areas such as retirement aggregation, new cyber security offerings and other services designed specifically for non-profit colleges and universities.

I include a two page summary of some of these efforts that show greater efficiency and collaboration between institutions at opposite ends of the state who share needs—and a joint commitment to keep costs low for their students. These approaches are a big part of the reason that the 90+ AICUP schools' average net tuition and fees has been so stable--currently at $13,089--over the past five years (lower than at some publicly funded institutions, even though they receive only a fraction of the state financial support).

Fourth, invest in colleges' financial literacy efforts aimed at both their students and parents, but especially at their students. Forty-three percent of all low-income students enrolled at a four-year college or university in Pennsylvania are attending an AICUP institution. While our colleges and universities are committed to making college affordable for Pennsylvania families, the reality is that many college students may need to take out loans to help finance some part of their undergraduate education. For young people just out of high school, the idea of taking on even a small amount of financial debt can be frightening and confusing.

In answer to these concerns, AICUP institutions have developed a variety of initiatives focused on helping students to understand and manage existing student loan debt and to limit the amount of future student debt. For example, some AICUP schools require every freshman student to enroll in a financial literacy course while other AICUP institutions have mandatory workshops on budgeting, borrowing, and loan repayment designed for undergraduates who have taken out student loans. At one school, every student is required to take a financial literacy credit upon entering the institution. In a lecture delivered by their President, who has put three daughters through college, students are reminded that student loans are not for pizza and travel, they are for tuition, books, room and board, etc. They are taught the difference between loans and grants.

Many of our schools offer financial wellness programs – with names such as HawkSense, LAFinancial, and CommonCents – where students have the opportunity to learn about personal finance and debt management before they graduate and enter the workforce.

An increasing number of AICUP institutions are even helping students to manage student loan debt after they graduate, through initiatives such as the loan buyback program at one school and the Income Share Agreements offered now at six AICUP schools, after groundbreaking work by Lackawanna and Messiah Colleges.

There are numerous existing US Department of Education and other federal programs designed to increase financial literacy. I encourage you to review them so we don't duplicate what is already out there, and don't replicate programs which are clearly not working. Some examples of these initiatives are in at **Charts 13-14**.

Fifth, invest in programs that allow students to obtain college credits while in high school, especially through dual enrollment. Allowing students to accumulate college credits prior to high school graduation also allows them to need fewer credits which – in turn--reduces their college costs and need to incur debt. One of these programs – dual enrollment – sometimes called concurrent enrollment, combats future student debt by allowing a student in high school to obtain college credits prior to graduation. These credits can then be transferred into a future program, reducing the amount of credit hours needed at a postsecondary institution. Currently, many high schools and higher education institutions participate in these programs, but the cost is either on the student's family, high school or college. In many cases the colleges and universities discount the rate per credit hour. In the past, the legislature and governor provided funding for dual enrollment programs. This funding went to high schools and was used to pay for their students to take classes at higher education institutions. At its

peak the program was funded with $10 million of General Fund dollars. Reinstating funding for dual enrollment programs would give more students the opportunity to take part in this type of program, allowing them to acquire college credits prior to graduation and therefore allowing them to reduce the cost overall.

These five initiatives have already impacted student debt in a positive way—some have been enacted under your jurisdiction as state legislators; and others have been put in practice by independent non-profit AICUP schools across the Commonwealth. Invest more in all of them. In addition to these five programs, let me turn to five suggestions for programs that do not yet exist in Pennsylvania but that are related to student debt levels.

First, change interest rate accumulation policies at the national level. Especially for money that is loaned by the government at any level, change the requirement that interest accumulates immediately. And go one better--add a period of time after graduation where interest is also waived. It simply does not make sense that at least at the Federal level we are making money off loans made to students who are in a very difficult position when they first enter the employment market and work to pay them off. When I had the chance to make this point to a legislative leader in Washington recently, he immediately agreed and described it as "a national disgrace" that the federal government is making money off of student loans.

Second, offer lower interest loans or other strategies that lessen the burden. For many students, it is not the principle of the loan that is hurting them, it is the rising interest rate, often altered by new owners of their debt instrument or the application of fine print rules they never understood. Discourage lenders from selling loans and changing the rules when they do. It just isn't right that students can sign up for a loan at one interest rate and end up paying a multiple of that over time.

Similarly, encourage employer repayment plans (such as are widely available for doctors and lawyers) incentivize Income Share Agreement approaches, implement reasonable deferment options and consider proposals that forgive interest for lower income graduates and/or professions. There are bills at the state and federal level to accomplish many of these goals. Some would cap their monthly loan payment at a percentage of their earnings, with the remaining balance forgiven after 20 to 25 years. Others would require borrowers to pay nothing until their income exceeds 250 percent of the federal poverty line, about $31,225 for an individual in 2019.

Third, don't ignore the role that for profit institutions play in the student debt world. In **Chart 7**, you saw that 32% of all students who attend a for profit owe more than $50,000, and even though they represent only 9% of the market, they represent fully 34% of all the student loan defaults in this country. The issue is just as concerning for those at the lower end of the debt spectrum if you are a student at for profit schools. Tens of thousands are leaving those programs with $10,000 or more in debt, with no degree and therefore no new skills to help pay for that loan.

Fourth, use the power of the current institutionally-based budget appropriations to incentive behaviors that could further reduce the need for students to take on additional debt. Link some

portion of state institutional funds to graduation rates, completion rates, and default rates, but be sure to include an acuity index (tied to SAT scores or some other more objective indicator). If you economically incentivize best behaviors in those areas, results will dramatically improve. In the independent non-profit college market, institutions have no choice but to work hard for our students to get them to stay in school, graduate on time, pay their loans, and I believe you could provide a similar incentive by attaching these levers to existing institutional state funding.

Fifth and finally, include independent non-profit colleges in any proposals to address student debt, whether it is free college or any other initiative. Let me suggest four reasons why their inclusion is imperative.

- ✓ AICUP schools educate 43% of all need eligible students in the state. If you don't include these schools, it in effect penalizes these students. Don't exclude them.
- ✓ AICUP schools have the highest graduation rates for all sectors (**Chart 15**) and for all minority students **(Chart 16)**. This avoids those extra fifth and six year loans and keeps overall student debt lower.
- ✓ AICUP schools have the lowest default rates, by far, of all sectors. That is because they are getting jobs that permit them to repay their loans. And our default rates for AICUP schools in PA are almost 30% lower than the national average and 22% lower than for publicly funded institutions (**Chart 17)**.
- ✓ AICUP schools' net tuition is competitive with publicly funded institutions here (**Chart 6**) and nationally. That is the case even though they receive only about 10% of all the dollars PA commits to higher education-while serving 51% of all PA's degree seeking students (**Chart 18).**

The independent non-profit sector in Pennsylvania educates:

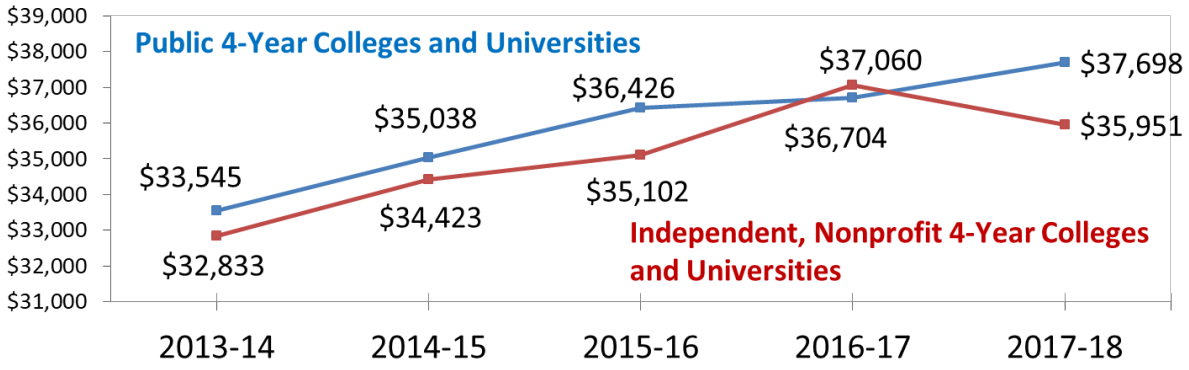
- ✓ ***Over 50% of all degree seeking students***
- ✓ ***Over 50% of all minority students***
- ✓ ***48% of all nontraditional students (25-64)***
- ✓ ***49% of STEM degree students***
- ✓ ***43% of all Pell eligible students***
- ✓ ***41% of all PHEAA eligible students.***

These students have earned the right to be part of any legislative solution to address student debt. It would be wrong to exclude them.

Thank you for your attention and if I can answer any questions, I will be happy to do so.

CHART 1

Average Student Loan Debt of Undergraduates in Pennsylvania By Higher Education Sector



Source: Data on student loan debt compiled by The Institute for College Access and Success and available from http://college-insight.org. Numbers are the average total education loans taken out by undergraduates receiving a degree from a 4-year college or university in Pennsylvania during the specified academic year.

CHART 2

Pennsylvania's Investment in Higher Education, 2017-18

Higher Education Sector	General Fund Appropriation 2017-18	Institutional Assistance Grants (IAG) 2017-18	Total PHEAA Dollars	TOTAL State Funds By Sector	Percent Funds by Sector
Private, Nonprofit Colleges and Universities	$0	$25,749,000	$142,356,023	$168,105,023	10%
State-Related Universities	$564,505,000		$93,680,337	$658,185,337	39%
State System Universities	$453,108,000		$78,158,842	$531,266,842	32%
Community Colleges	$287,730,000		$24,960,469	$312,690,469	19%
Total	$1,305,343,000	$25,749,000	$339,155,671	$1,670,247,671	100%

CHART 3

Pell Grant Recipients by Higher Education Sector, 2016-2017

Higher Education Sector	Total	Percent of Total	Excluding Community Colleges
Community Colleges	58,198	31%	
Independent, nonprofit colleges and universities	54,449	29%	43%
State-Related Universities	39,595	21%	31%
State System Universities	32,533	18%	26%
Total	184,775	100%	

Source: U.S. Department of Education, Office of Financial Aid, Pell Distribution by Institution.

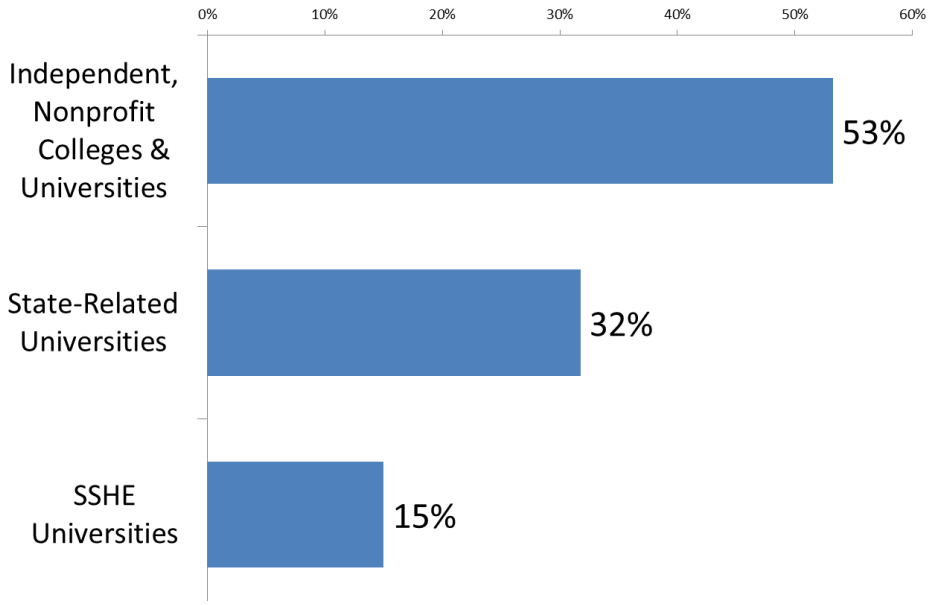
PHEAA Grant Recipients by Higher Education Sector, 2016-2017

Higher Education Sector	Total	Percent of Total	Excluding Community Colleges
Community Colleges	22,398	18%	
Independent, nonprofit colleges and universities	40,704	33%	41%
State System Universities	29,184	24%	29%
State-Related Universities	30,004	25%	30%
Total	122,290	100%	

Source: *2017-18 Pennsylvania State Grant Program, Year-by-Year and Institutional Statistics Report*. Pennsylvania Higher Education Assistance Agency.

CHART 4

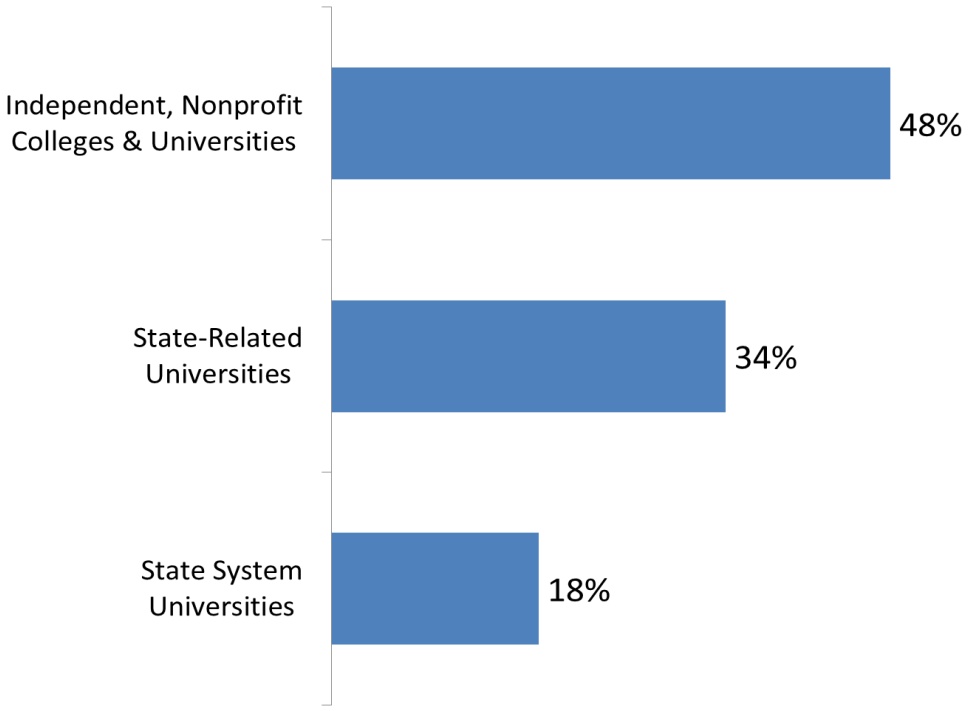
Enrollment of Minority Students (Undergrad + Graduate) in 4-Year Colleges or Universities in Pennsylvania Share by Higher Education Sector, Fall 2017



Source: U.S. Department of Education, National Center for Education Statistics, IPEDS Fall Enrollment Survey, 2017

CHART 5

Nontraditional Students Enrolled in 4-Year Colleges and Universities in Pennsylvania Share by Higher Education Sector, Fall 2017

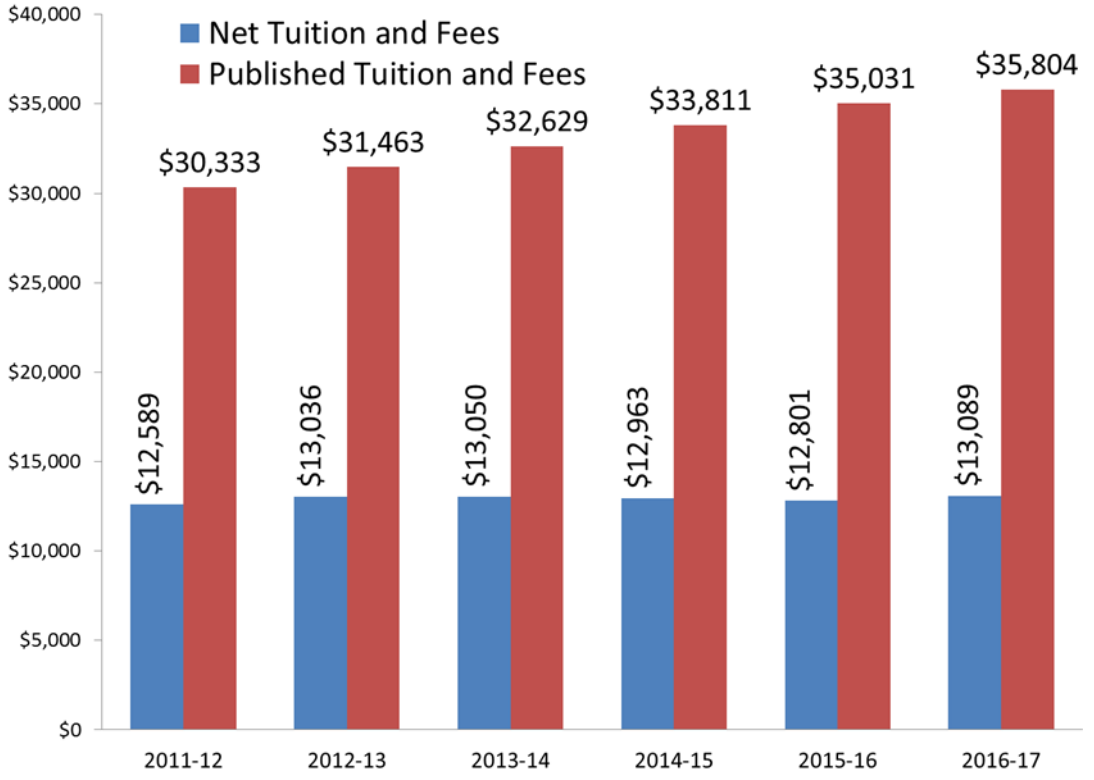


Note: Nontraditional students refer to individuals ages 25 to 64 enrolled in an undergraduate program. Data source is U.S. Department of Education, National Center for Education Statistics, IPEDS Fall Enrollment Survey, 2017.

CHART 6

AICUP colleges and universities are committed to keeping higher education costs low

Average Published Tuition and Fees and Net Tuition and Fees after Student Scholarships and Grant Aid



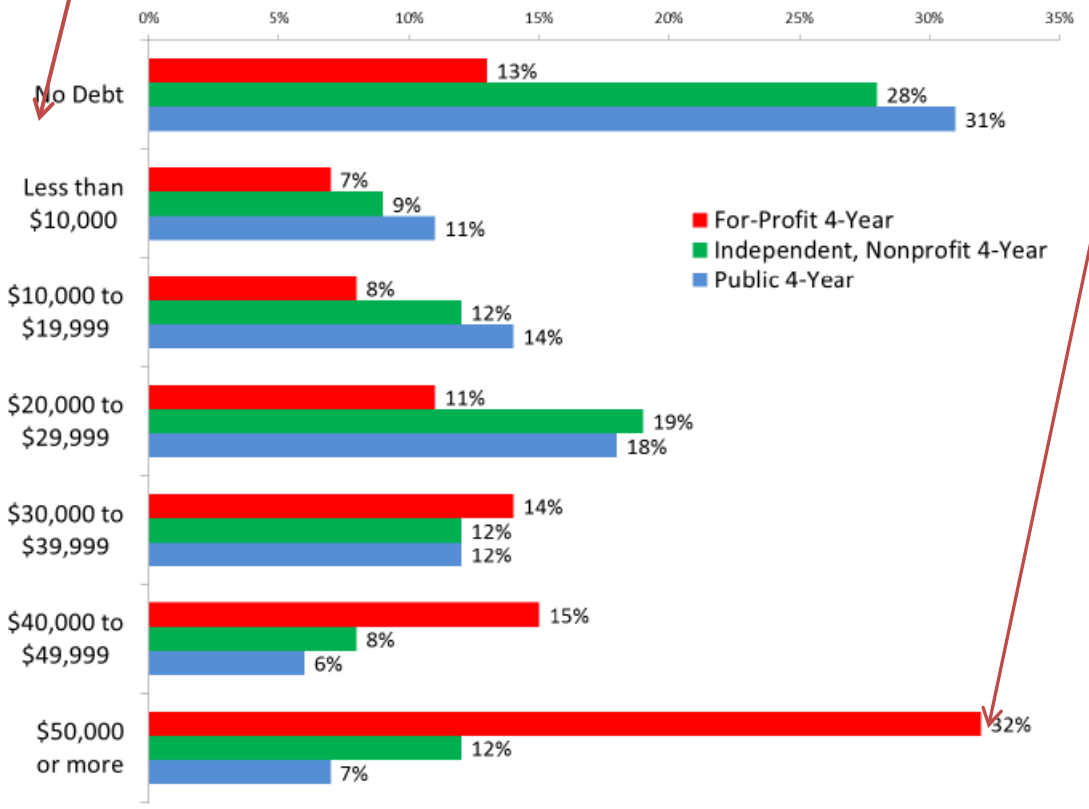
Source: U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS), Institutional Characteristics Survey and Student Financial Aid Survey.

CHART 7

About 3 of every 10 students who graduate with a bachelor's degree from a 4-year, independent nonprofit college or university have no student loan debt.

Students attending a 4-year for-profit institution are significantly more likely to graduate with a student loan of $50,000 or more.

Size of Undergraduate Student Loan by Type of Institution



Source: The College Board. *Trends in Student Aid, 2018*. Figure 15. Available from: https://trends.collegeboard.org/sites/default/files/2018-trends-in-student-aid.pdf

CHART 8

Data Sources

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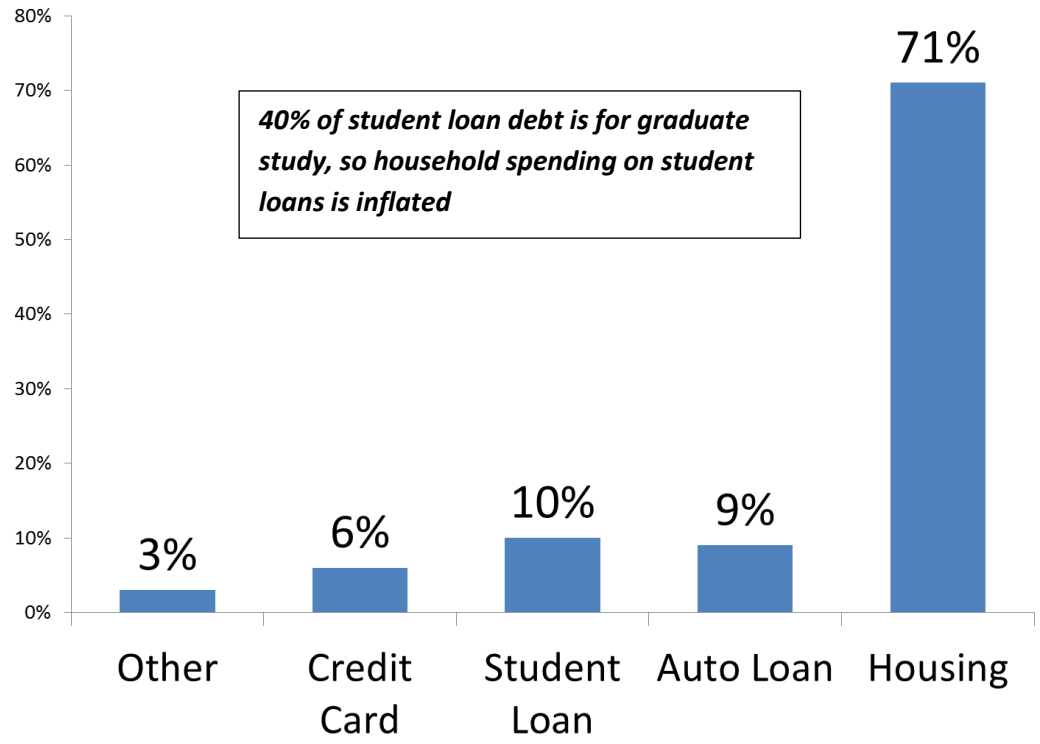
CHART 9

Proportion of Total Household Spending on Debt By Type of Loan

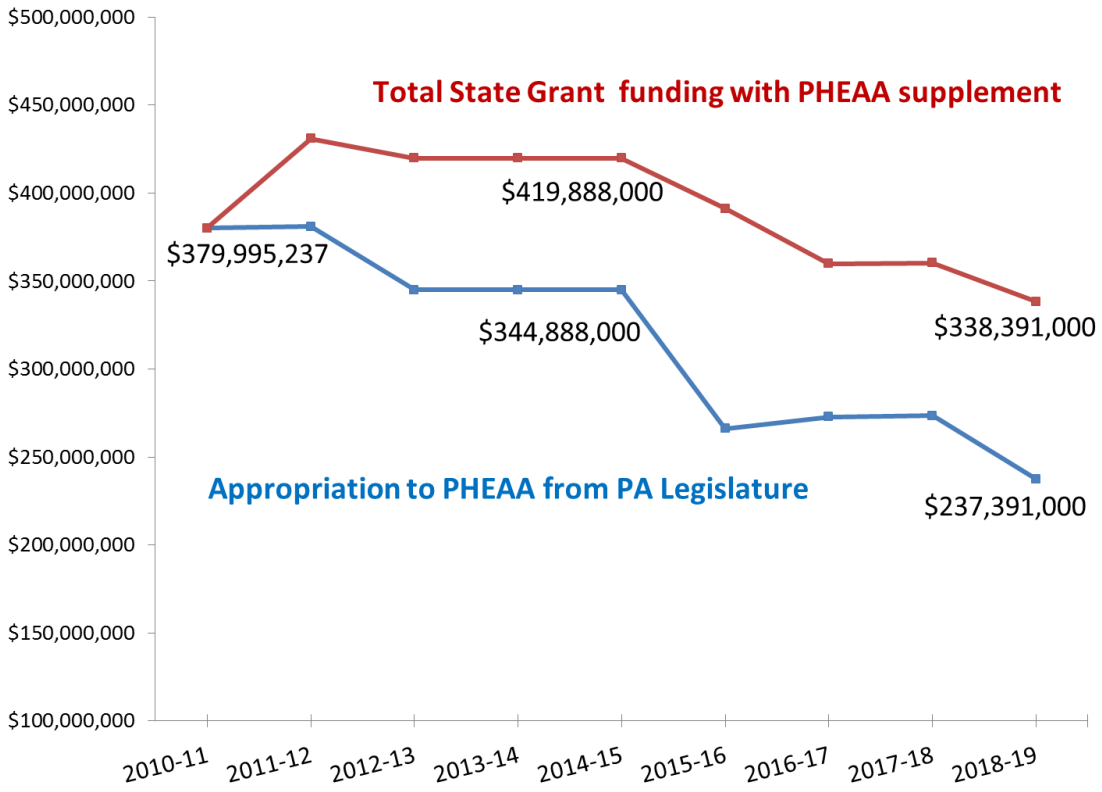


Total sum of student loans (as of 2016) = $1.3 trillion
Total sum of auto loans (as of 2016) = $1.2 trillion

Source: Federal Reserve Bank of New York. *Household Borrowing, Student Debt Trends, and Homeownership, 2016*. April 3, 2017. Source website: https://www.newyorkfed.org/press/pressbriefings/household-borrowing-student-loans-homeownership

CHART 10

Legislative Support for Student Aid, 2010-2018
Value of PHEAA Grant Funds Including Agency Supplement



Source: *2017-18 Pennsylvania State Grant Program, Year-by-Year and Institutional Statistics Report*. Pennsylvania Higher Education Assistance Agency. Table 1.

CHART 11

Decreases in PHEAA Grant Funding Linked to Increased Costs for Students

Academic Year	Year	Actual Maximum PHEAA Grant	Grant Amount Needed to Keep Pace With Inflation	Additional Cost Transferred to Low-Income Students Each Year
2007-2008	2007	$4,700	$4,700	$0
2008-2009	2008	$4,120	$4,932	$812
2009-2010	2009	$4,120	$4,869	$749
2010-2011	2010	$3,541	$4,924	$1,383
2011-2012	2011	$4,348	$5,115	$767
2012-2013	2012	$4,348	$5,217	$869
2013-2014	2013	$4,363	$5,278	$915
2014-2015	2014	$4,011	$5,366	$1,355
2015-2016	2015	$4,340	$5,364	$1,024
2016-2017	2016	$4,378	$5,443	$1,065
2017-2018	2017	$4,123	$5,564	$1,441
2018-2019	2018	$4,123	$5,691	$1,568
2019-2020	2019	$3,856	$5,700	$1,844

Source: *2017-18 Pennsylvania State Grant Program, Year by Year and Institutional Statistics Report* , Table 1, and *Pennsylvania State Grant 2018-19 Program Manual* , page 7. Numbers for 2019-2020 are estimated.

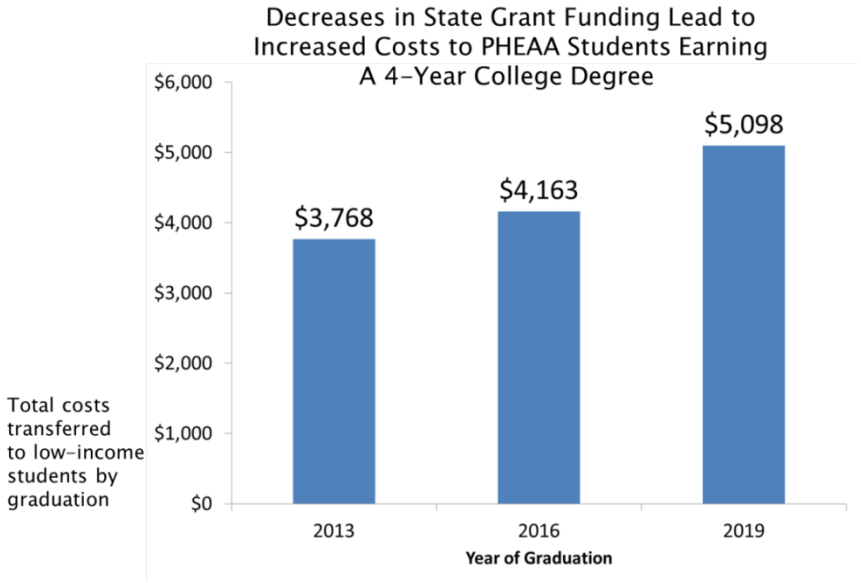
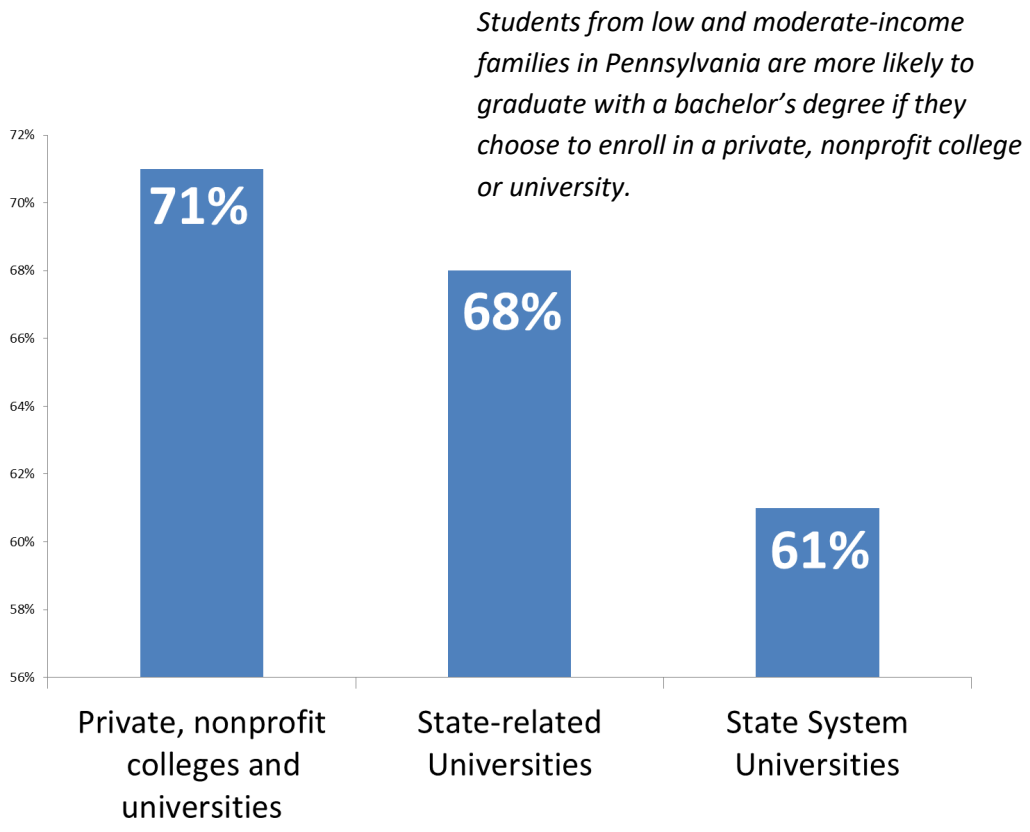


CHART 12

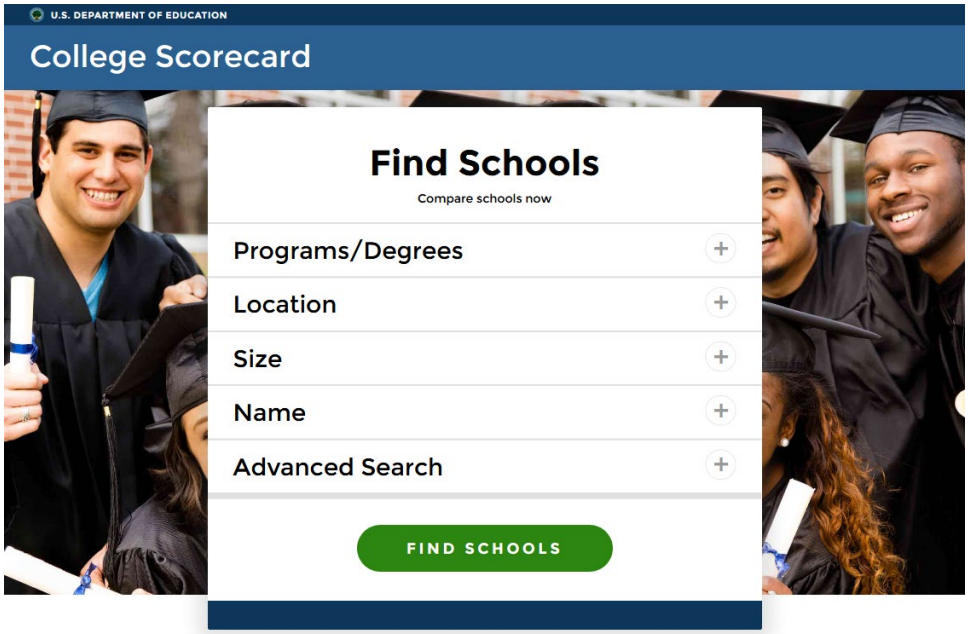
Independent, Nonprofit Colleges and Universities Provide A Graduation Advantage to Low and Moderate-Income Students Participating in the PHEAA State Grant Program



Source: Pennsylvania Higher Education Assistance Agency. *The Pennsylvania State Grant Program: A Six-Year Analysis of the 2010-11 State Grant Cohort*. February 2018.

CHART 13

U.S. Department of Education College Scorecard



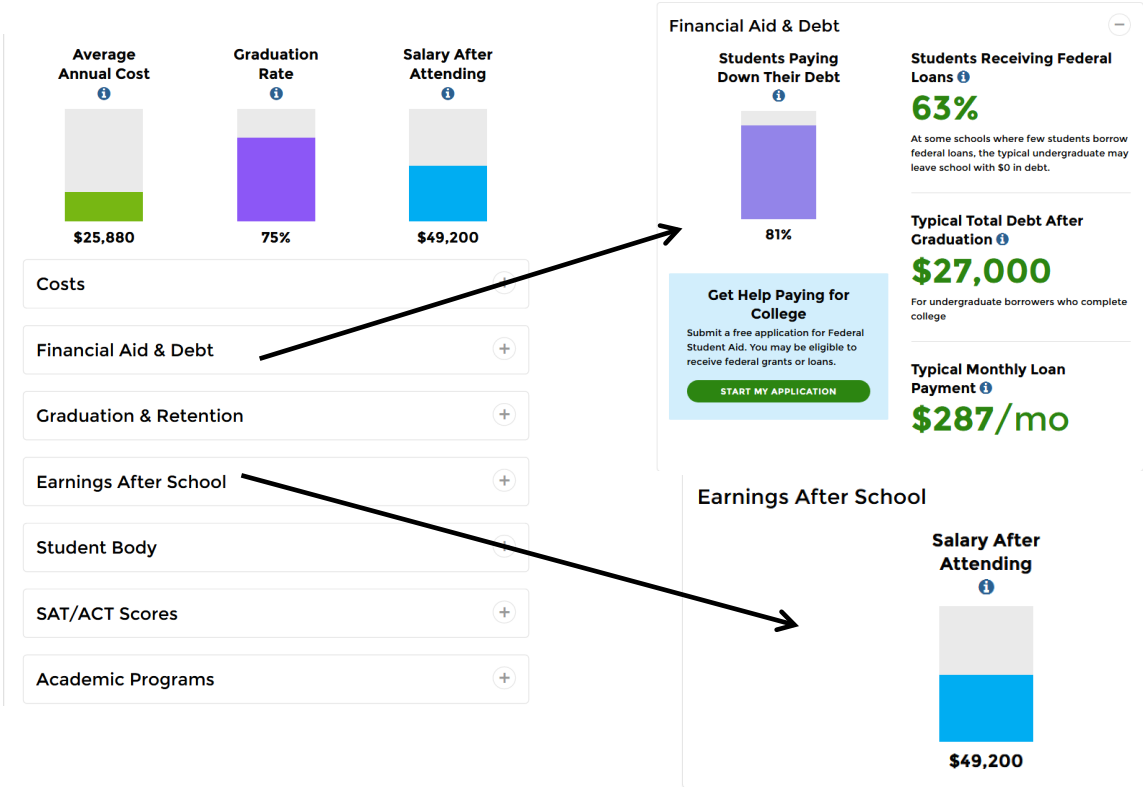
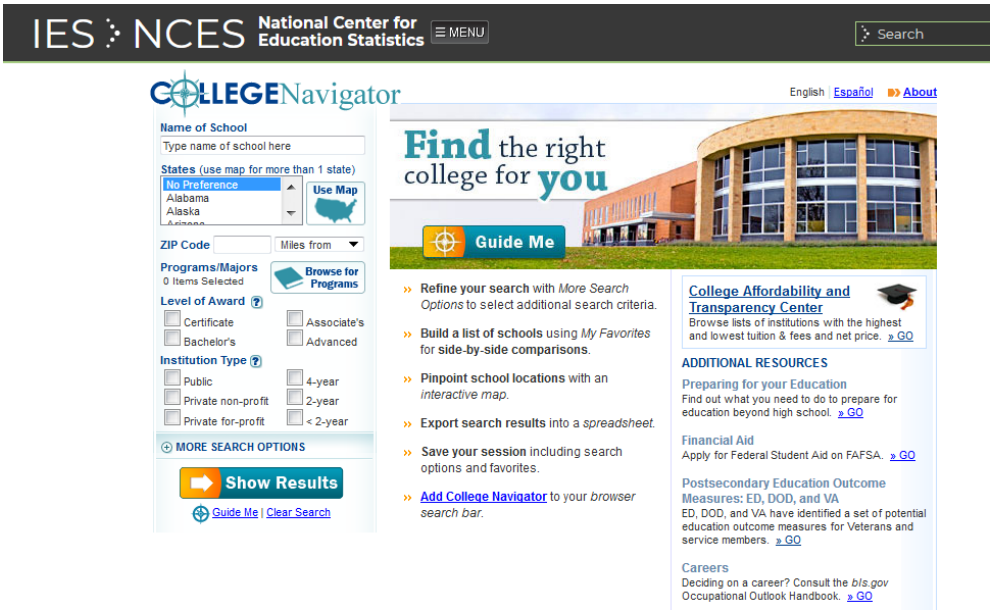


CHART 14

U.S. Department of Education College Navigator



National Association of Independent Colleges and Universities University & College Accountability Network (U-CAN)

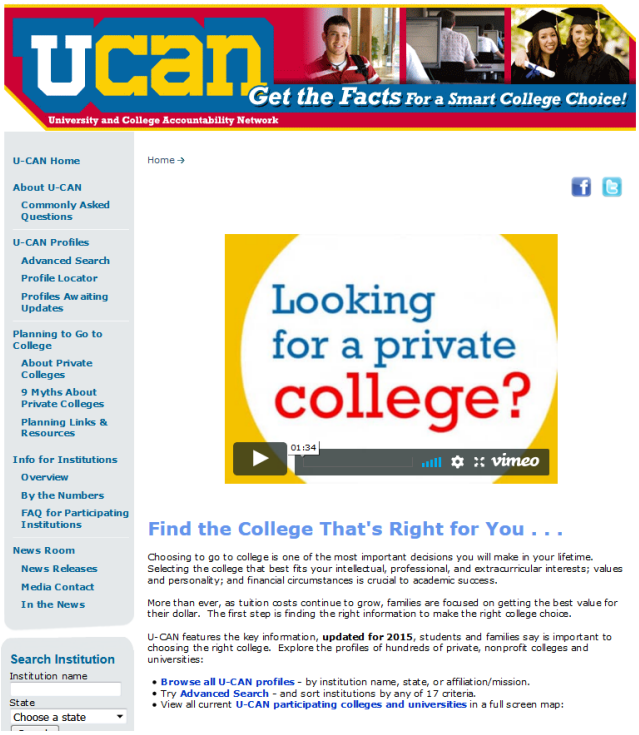
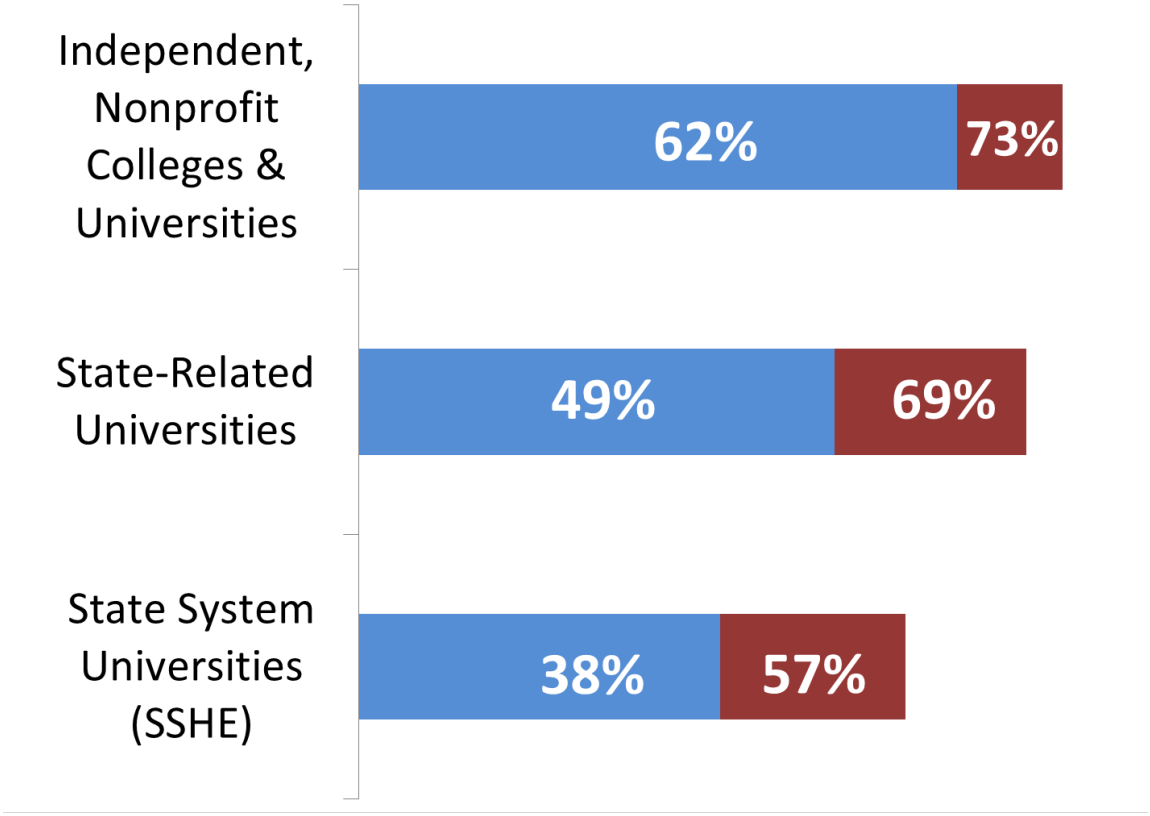


CHART 15

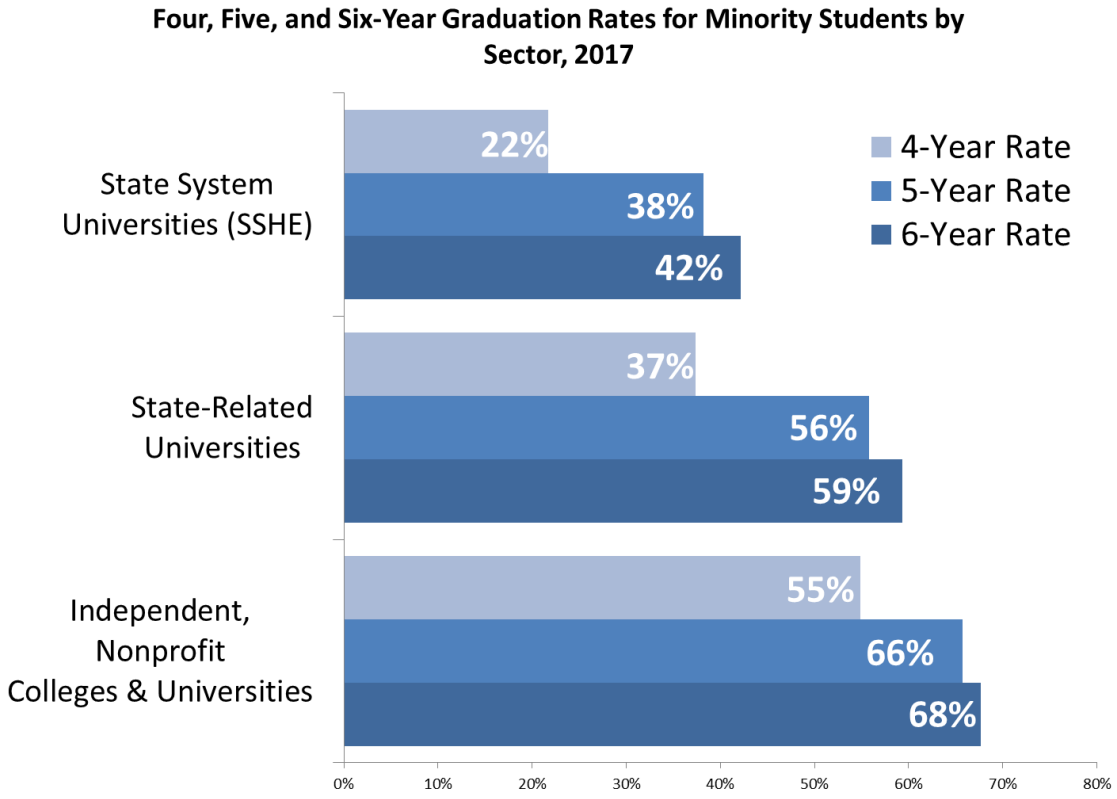
4-Year and 6-Year Bachelor's Degree Graduation Rates by Higher Education Sector in Pennsylvania, 2017



Source: U.S. Department of Education, National Center for Education Statistics, IPEDS Graduation Rate Survey

CHART 16

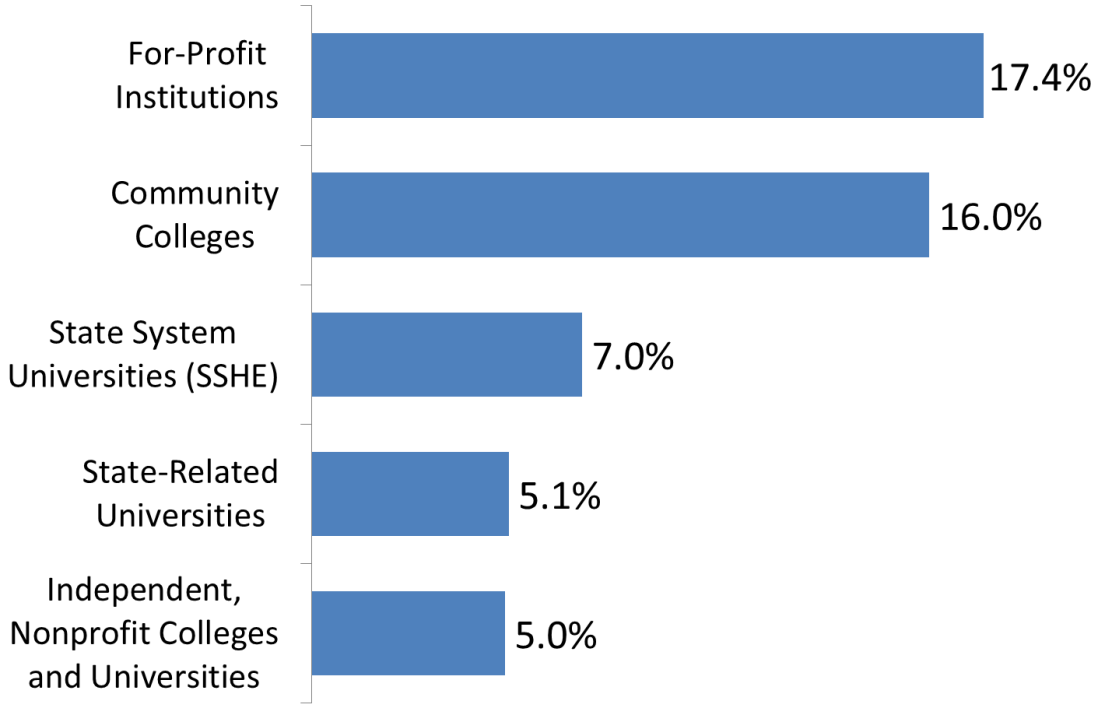
4-Year, 5-Year, and 6-Year Bachelor's Degree Graduation Rates For Minority Students By Higher Education Sector in Pennsylvania, 2017



Source: U.S. Department of Education, National Center for Education Statistics, IPEDS Graduation Rate Survey

CHART 17

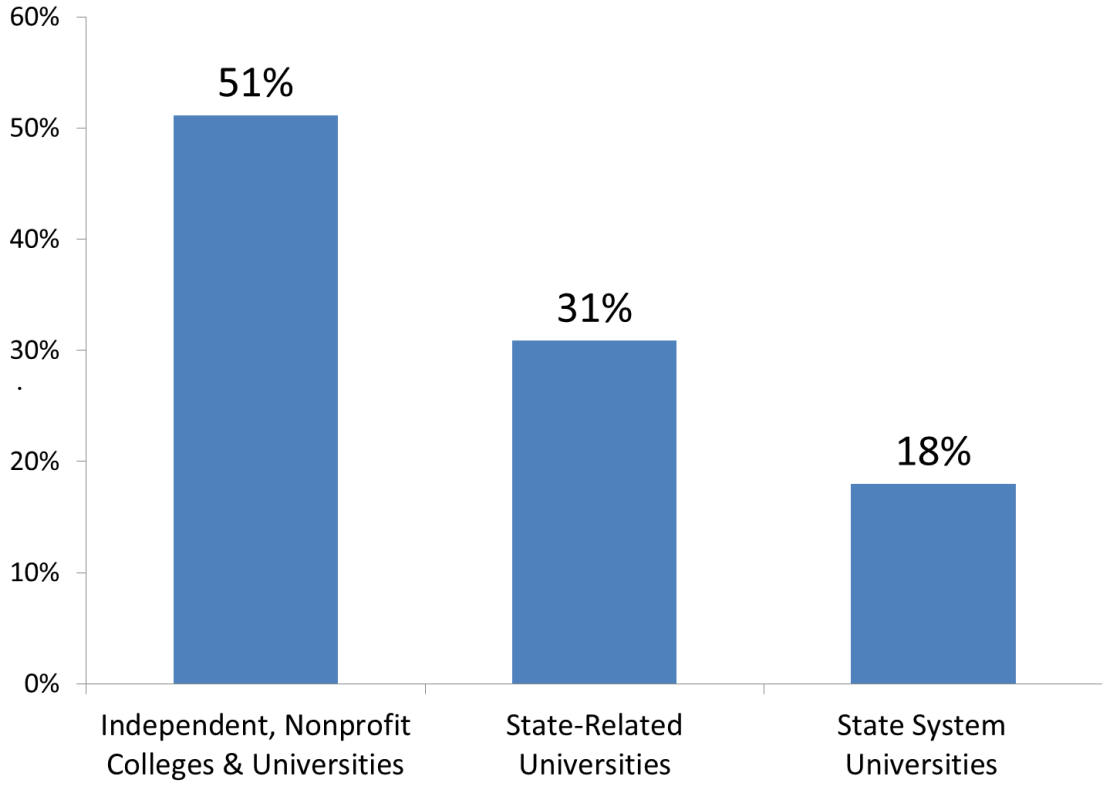
Federal Student Loan 3-Year Default Rates By Higher Education Sector in Pennsylvania



Source: U.S. Department of Education, Office of Federal Student Aid. https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html . Data is for undergraduate students who entered loan repayment in 2015.

CHART 18

Percent of Total Enrollment (Undergraduate + Graduate) by Higher Education Sector in Pennsylvania, Fall 2017



Source: U.S. Department of Education, National Center for Education Statistics, IPEDS Fall Enrollment Survey, 2017.

Business Efficiency Programs at AICUP

Consistent with its tri-fold mission of advocacy, research and collaboration, AICUP has developed (over the past two decades) 27 Board-endorsed, business efficiency programs in areas of compliance, employee benefits, facilities management, finance, student services, technology, telecommunications and procurement. Each of these programs has a distinct history and narrative, however all of these Board-endorsed programs:

1. Leverage the consumer strength of the AICUP membership, reducing price and improving terms for the purchase of services and goods.

2. Encourage suppliers to recognize this sector (private higher education) as a distinct market, worthy of preferred marketing coverage, pricing and service delivery.

3. Develop a necessary, minimum critical mass for contract aggregation.

4. Identify unique and strategic business efficiencies opportunities that are best suited for a state-level association and not otherwise offered by individual members or groups of member colleges on a regular basis.

Member participation in these programs is voluntary and varies; but it is fair to say that some programs (such as software licensing) touch almost all of our members while most programs operate with a solid 20% - 40% penetration of the membership (92 private college/university members in PA). Programs are reviewed continuously and pricing/terms are reviewed periodically to maintain a competitive market position. The Association's Member Services Committee, IT Working Group, HR Working Group and Corporate Affiliate Working Group all provide guidance and expertise in these reviews.

Notably, the Association is currently launching two new programs with a small number of colleges: first, aggregating cyber-security needs through a shared employee resource; and second, aggregating retirement benefits to lower expense ratios and increase employee services. Each of these programs may lead to further aggregation and volume discounts available to the entire AICUP membership. Part of our mission is to identify business efficiencies as distinct services to our AICUP members, efficiencies that allow our campuses to work together, transact together and/or purchase together.

Examples of Successful Programs:

AICUP's Endorsed Software Licensing Program currently engages almost all of its 92 AICUP members – resulting in a growing $5-6 million contract across the membership. In 2018, over $1 million in annual savings was documented within the Microsoft component of that program alone.

AICUP's Endorsed Environmental Self-audit Program generated hundreds of thousands of hard dollar savings (and millions of dollars in avoided EPA fines) when campuses worked together to improve EPA compliance in a program approved by and hailed by the EPA Region III as an example for other campuses/Associations around the country. Today, this program has been repackaged as a software/tablet application and Web-Portal for the small price of roughly $7,200 per year – a small fraction of just one EHS professional FTE.

AICUP's Endorsed Bond Finance Program, provides small borrowers and large colleges alike with a market-tested program recognized as one of the most efficient access points to fixed and variable rate financing (tax-exempt and taxable). Over the years, more than 40 AICUP members, borrowing greater than $1.1 billion have enjoyed substantial savings in issuance expenses through this program – many returning to use the program multiple times over the years

AICUP's Endorsed Purchasing Card Program serves almost 40 members, generating almost $1.8 million in rebates across a $111 million purchase volume. This program, and previous iterations of it, provides participating campuses with revenue that can exceed two-time, three-times and (in some cases) more than 10-times the dues these institutions pay to be members of AICUP – and reducing/eliminating paper-based transactional costs of traditional credit card programs.

AICUP's Endorsed Broadband Program serves a small but meaningful group of 12 members in western PA, aggregating their common Internet services under a single provider, managed and supported by Carnegie Mellon University. This program has saved these member thousands of dollars but more importantly, serves as a platform for new initiatives in 1) business continuity planning, 2) cyber-security and 3) website protection/consent management.